



## TWU SUBMISSION: AVIATION WHITE PAPER



## CONTENTS

● TWU BACKGROUND	1
● EXECUTIVE SUMMARY	1
● AVIATION PRE-PANDEMIC TO NOW	3
— Illegal outsourcing	3
— Further job losses and chronic understaffing	4
— Airport chaos	5
— Deliberate wage suppression at Qantas	5
— Safety suffering	6
— Workers speak out on safety	7
● THE NEED FOR STRUCTURAL REFORM	8
● CONCLUSION	9

# TWU BACKGROUND

The Transport Workers' Union of Australia (TWU) represents tens of thousands of men and women in Australia's aviation and road transport industries.

With over one hundred years' experience, the TWU has been proactive in establishing industry standards that improve the lives and safety of transport workers, their families and the community.

The TWU covers all workers in the aviation industry, including in ground and baggage handling, fleet presentation, airline catering, airport screeners, refuellers, cabin crew and pilots.

## EXECUTIVE SUMMARY

This submission deals with the Terms of Reference:

- how to support and regenerate Australia's general aviation sector; and
- future industry workforce skills and training requirements.

The TWU has approached this submission on the basis that these two items are intended to incorporate the Terms of Reference recommended by the Senate Select Committee's report on 'The future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic'<sup>1</sup> (Aviation Inquiry):

### Recommendation 2

*The committee recommends that the Australian Government urgently works with industry, unions professional associations, and aviation sector experts, to prepare a comprehensive white paper on the future of the aviation sector post-pandemic, including aviation workforce issues such as:*

- *the ongoing impacts of job insecurity, wage decline and the erosion of safe work conditions on the aviation workforce, in the context of the pandemic and the sector's recovery;*
- *measures to lift wages, conditions and standards at airlines and airports around Australia, including aviation workers performing the same job are entitled to the same pay, and holding airlines and others at the top of aviation supply chains responsible for standards throughout the chain;*
- *options for lifting workforce supply to support the projected growth in aviation activity; and*
- *approaches to ensuring that workforce growth results in the creation of a sustainable, highly-skilled and secure workforce for the long-term.*

Specifically, this submission will outline the reform required to rebalance aviation to an industry supported by a secure, safe and respected workforce. In our view, this must be the first priority. Without a stable workforce, it will be impossible to restore safety and service standards to the level Australians need and deserve.

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1. [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024656/toc\\_pdf/ThefutureofAustralia'saviationsector,inthecontextofCOVID-19andconditionspostpandemic.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024656/toc_pdf/ThefutureofAustralia'saviationsector,inthecontextofCOVID-19andconditionspostpandemic.pdf;fileType=application%2Fpdf)

We will outline the chronic worker shortages and skills gaps created by a ruthless and even illegal approach to the pandemic, which was an extension and escalation of Qantas management's long-term strategy to splinter its workforce and drive down pay and conditions across aviation.

The strategy, which has been in full swing since Alan Joyce's appointment as CEO of Qantas in 2008, has fragmented the Qantas Group's essential workforce into at least 38 separate entities such as third party labour providers and lower-paying subsidiaries.

With the competitive advantage of controlling roughly two thirds of the domestic aviation market, this strategy - which positions essential workers as a financial burden rather than its most crucial investment - has a rebounding effect for all airport jobs across the country.

The creation of labour supply chains along with the lack of regulatory oversight gives almost limitless commercial power to those at the top - namely Qantas but also privatised airports - to dictate wages, conditions and insecure work through destructive competition and unfair contracts.

The absence of a regulatory stabiliser allows the sole focus of that commercial power to be on paying out ever-increasing bonuses and dividends off the back of workers' sacrifices and declining service and safety standards. It also impairs the opportunity to ensure a smooth and just transition to cleaner energy and other initiatives for the industry to thrive and contribute positively to the economy. Equally, without structural reform, the shock absorber for future crises such as natural disasters, ash clouds, pandemics or international unrest, will continue to be a reliance on government handouts, wage suppression and job losses.

The TWU is firmly of the belief that good, secure jobs and the protection of those jobs above profits, executive bonuses and shareholder dividends is the answer to supporting and regenerating the aviation sector, and therefore must be the primary focus of this White Paper.

Once the foundations for good, secure jobs have been established, future-proofing the industry with a robust skill retention and training programme, and other future-focused initiatives for aviation will naturally follow.

The TWU therefore strongly supports Recommendation 16 of the third interim report of the Senate Select Committee on Job Security (Job Security Inquiry)<sup>2</sup> to establish an independent standard-setting body to rebalance the industry and ensure its sustainability:

### **Recommendation 16**

*The committee recognises the merit of an independent body with the power to make and enforce binding standards on aviation supply chain participants, including airports and their central role. Those standards include 'same job, same pay' for outsourced and labour hire workers performing functions directly connected to aviation operations, job security protections, and fair procurement standards. The committee recommends the Australian Government consults with industry participants, including unions, employers, and other stakeholders on the development of this body.*

2. [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024778/toc\\_pdf/Thirdinterimreportlabourhireandcontracting.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024778/toc_pdf/Thirdinterimreportlabourhireandcontracting.pdf;fileType=application%2Fpdf)

## AVIATION PRE-PANDEMIC TO NOW

The TWU's submission to the Aviation Inquiry<sup>3</sup> outlined the problems in the industry prior to the pandemic. These problems were exacerbated by COVID-19 and the opportunity that presented to Qantas' long-term strategy to splinter the workforce, outsource essential jobs, and drive down pay and conditions for those that remained.

Judged solely on financial reporting, aviation has recently returned to the thriving industry it appeared to be prior to the pandemic. In February 2023, Qantas reported a half-year profit before tax almost double the figure reported in February 2020, at \$1.4 billion compared with \$771 million.

But these profits belie the crisis in aviation. The industry in its current form is a revolving door of inexperienced, untrained workers causing airport chaos, cancellations, delays, lost luggage, serious safety incidents and sub-par service standards. Meanwhile highly skilled, experienced and accredited workers remain barred from the industry following illegal sackings, overzealous redundancies and a steep decline in pay, conditions and full-time work which has made aviation an undesirable and unsustainable career.

### Illegal outsourcing

It has now been found twice by the Federal Court that Qantas' outsourcing of 1700 ground and fleet presentation workers during the pandemic breached section 340 of the Fair Work Act. Four Federal Court judges unanimously agreed that Qantas' axing of the workers was at least in part motivated to prevent them from exercising their rights to bargain for better wages and conditions and to take industrial action.<sup>4</sup>

In the first ruling, Justice Lee referred to evidence presented in court showing Qantas saw the pandemic as a "transformational opportunity" and that there was a "vanishing window of opportunity" for the airline to make changes.

Despite the findings of illegality, workers were not reinstated to their jobs. In remedy hearings, Qantas told the court it would simply sack the workers all over again, after clearing them out and dismantling the ground work arm of the business so rapidly that it claimed it was too hard to unscramble the egg.

The disastrous effects of this illegal outsourcing were numerous, including:

- a mass exodus of workers with decades of experience and training;
- fragmentation of essential aviation jobs, pushed out to third parties including scandal-ridden Swissport, which received a majority of the jobs including Melbourne and Sydney domestic;
- a dossier of serious safety breaches at Swissport (more on this below), as well as at other ground handling providers;
- worker shortages, inexperience, and high turnover due to low pay and insecure work; and
- significant delays, cancellations and lost baggage, leading to the ACCC receiving 1780 complaints about the airline - a rise of 70 per cent.

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3. <https://www.twu.com.au/wp-content/uploads/2021/02/TWU-SUBMISSION-The-future-of-Australias-aviation-sector.pdf>

4. <https://www.abc.net.au/news/2022-05-04/qantas-loses-appeal-outsourcing-case-with-compensation-penalties/101036724>



## Further job losses and chronic understaffing

Aviation suffered a mass exodus of skilled workers during the pandemic. By the end of 2020, more than 13,500 job losses had been announced, including the roughly 2500 outsourced, at Qantas and Jetstar. Expanding to broader airport roles, CEO Geoff Culbert said 15,000 jobs had been lost at Sydney airport throughout the pandemic.<sup>5</sup>

The Morrison Government's sudden reversal of JobKeeper wage subsidies to foreign-Government owned companies like Dnata and SNP Security made it impossible for many workers to sustain long stand-downs. By October 2020, the announcement of 1,000 redundancies gave short-term reprieve to struggling Dnata workers on unpaid stand-down.

Virgin's collapse into administration following the Morrison Government's refusal to provide support led to 3,000 job losses as well as budget carrier Tigerair ceasing operations. TWU members fought hard to gain a commitment from new owners Bain Capital to prioritise and retain jobs throughout the sale.

Qantas axed 9800 workers through illegal outsourcing and overzealous redundancies, leaving the airline desperately understaffed when flying returned. By June 2022, under pressure from angry customers battling airport chaos, delays, cancellations and lost bags, Qantas was forced to cut the capacity of its domestic flights by 15 per cent, while international flying was around 50 per cent of pre-pandemic levels.

The redundancies and unlawful sackings at Qantas saw predominantly those with the most experience, influence on enterprise agreement negotiations, and skills and training responsibilities leave the airline. More than 200 pilots vacated, leaving scarcely any with check and training duties authorised by CASA.

While these chronic skills and training gaps must be filled, the more urgent problem is recruiting workers back to the airport since wages, conditions and secure jobs have plummeted.

In June 2022, Sydney airport held a jobs fair in an attempt to fill 5,000 vacancies, but only succeeded in recruiting half the workers. A second attempt in September aimed to fill a further 4,000 vacancies.

Following the refusal to reinstate illegally sacked Qantas workers, ground handling labour providers struggled to recruit workers into the lower paid and less secure jobs. Swissport resorted to flying workers from interstate into Sydney and Melbourne to cover enormous gaps, and began paying workers \$50 a day just to show up, showing that it recognised low pay was a disincentive.

Turnover of staff remains high. In October 2022, a TWU survey of 165 Swissport workers<sup>6</sup> revealed 76 per cent were considering leaving the industry over poor pay and conditions and chronic understaffing leading to exhausting pressure and safety incidents.

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5. <https://www.9news.com.au/national/sydney-airport-job-fair-recruit-5000-new-workers-staff-shortages/797af052-6993-4bd3-a3ff-784d2f1d80f5>

6. <https://www.twu.com.au/press/survey-76-of-swissport-ground-workers-in-qantas-supply-chain-considering-leaving-aviation/>

## Airport chaos

Over the 2022 Easter school holidays, airport chaos saw passengers waiting two hours to get through security, countless passengers miss flights through airport delays or cancellations, and record numbers of lost luggage. Despite 9800 jobs lost at Qantas throughout the pandemic, Qantas CEO Alan Joyce blamed passengers for the delays saying they were not 'match fit'.<sup>7</sup>



Queues at Sydney Airport today as school holidays kicks off in NSW. (James Atcock)

## Deliberate wage suppression at Qantas

### Dictating pay and conditions through commercial power

By illegally outsourcing ground and fleet presentation work, Qantas has positioned itself as the omnipotent head of a labour supply chain. Rather than negotiate with workers through enterprise bargaining, Qantas is able to dictate the pay and conditions of essential jobs through its contracts with providers. With the lion's share of a duopoly and no regulatory body overseeing standards in the industry, Qantas is able to set the terms of its contracts by awarding work to the lowest bidder.

The unlawful outsourcing was an extension of the Joyce-led strategy to fragment the workforce into lower paying subsidiaries, third parties and labour hire arrangements, in order to suppress wages and conditions.

In 2022, Qantas revealed to a Senate Inquiry through questions on notice that it had split its workforce across 21 external companies and a further 17 subsidiaries.

In September 2022, ABC Four Corners delved into Qantas management's strategy to splinter the workforce and its relationship to ongoing airport chaos.<sup>8</sup>

### Rehiring workers on inferior pay and conditions

Following a rigorous blitz to shrink and fragment the workforce, Qantas is now attempting to rehire cabin crew and pilots under lower terms and conditions than they had previously built up over years of negotiations. This is a continuation of the decade-long strategy to eradicate enterprise agreements under Qantas Airways Limited (QAL) and push workers exclusively onto lower paying subsidiaries set up by Joyce's management team.

As outlined in the TWU's Aviation Inquiry submission, after Qantas set up Qantas Ground Services - a lower paying subsidiary with predominantly part-time jobs, the airline executive vowed never to hire another worker under the higher paying QAL agreement.

It is a similar story with cabin crew. Qantas is now attempting to rehire cabin crew - many of whom departed the airline on QAL agreements - onto lower paying agreements under its subsidiaries.

### Unilateral wage freezes and 'bonus' bribes

Despite announcements of multimillion dollar bonus schemes for Qantas executives, workers have been forced to endure ongoing wage freezes, with one-off payments of \$5,000 conditional on accepting enterprise agreements which exclude base pay increases for two years and gag workers from speaking out.

7. <https://australianaviation.com.au/2022/04/now-alan-joyce-blames-not-match-fit-passengers-for-queues/>

8. <https://www.abc.net.au/news/2022-09-05/flight-risk:-the-inside-story-of-the-chaos-at/14044048>

Workers who have remained with Qantas since the airline's 2014 \$2.8 billion loss and subsequent 18-month wage freeze have now been forced to endure a second, lengthier wage freeze. The compounding losses to lifetime pay and superannuation equate to hundreds of thousands of dollars. A report by the Australia Institute revealed Jetstar workers face losing close to \$200,000 in lifetime wages and superannuation as a result of the wage freeze between 2014 and 2016.<sup>9</sup>

A key difference between the two wage freezes is that the first came off the back of a refusal from the Federal Government to bail out the airline, whereas the second followed \$2.7 billion of unconditional taxpayer welfare doled out by the Morrison Government. This includes the highest amount of JobKeeper paid to any Australian business, designed specifically to keep workers engaged with their employer throughout the pandemic. Qantas was collecting this subsidy at the time it announced the outsourcing of its entire ground and fleet presentation workforce, later found twice by the Federal Court to have been unlawful.

## Safety suffering

Chronic understaffing and a lack of skilled, experienced workers is putting enormous pressure on workers leading to serious safety incidents.

Several incidents have occurred across the three main ground handling labour providers that picked up the outsourced work from Qantas.

In WA, a baggage belt loader crashed into a Qantas plane<sup>10</sup> leaving a gaping hole in the aircraft. In another incident, a plane flew from Darwin to Brisbane without being checked following a collision from a belt loader.

There have been further reports of pilots given incorrect information about aircraft weight after baggage and cargo were loaded, animals left stranded, and a child's wheelchair smashed after being placed on a baggage belt against protocol.

Safety incidents have been even more prevalent at Swissport. In September 2022, the TWU exposed a dossier of serious safety incidents,<sup>11</sup> including:

- Firearms unloaded onto arrivals carousels;
- Dangerous goods loaded onto planes without being documented;
- Cargo doors left open;
- Stairs removed while passenger doors open;
- Huge plane load imbalances;
- Staff working while injured; and
- Vehicles colliding with the refueling hose.

Concerningly, several company memos sent to workers in response to safety incidents referred to understaffing as an issue. One memo said:

*"The business is acutely aware that our human resource levels are simply not at a sustainable level to meet the ongoing demand from the airlines."*

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9. [https://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/3229/attachments/original/1582492210/Consequences\\_of\\_Wage\\_Freezes\\_FINAL.pdf?1582492210](https://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/3229/attachments/original/1582492210/Consequences_of_Wage_Freezes_FINAL.pdf?1582492210)

10. <https://www.news.com.au/travel/travel-updates/baggage-vehicle-crashes-into-qantas-jet-on-tarmac-airline-defends-outsourcing/news-story/08379ac511e4a7746fe8a3a3876b7945>

11. <https://www.twu.com.au/press/dossier-reveals-perilous-safety-incidents-in-qantas-supply-chain/>



In response to the dossier, the TWU surveyed Swissport workers on safety, with disturbing results.<sup>12</sup> The 165 respondents revealed:

- 81% were concerned about understaffing causing safety incidents
- 80% are concerned about inexperience from high staff turnover
- 95% have been fatigued at work
- 62% have been so fatigued they've worried about a safety incident occurring
- 80% felt under pressure to rush
- 41% have been injured at work
- Only 17% said they're trained on new safety procedures
- 44% said they find out safety procedures through word of mouth from coworkers

## Workers speak out on safety

On high turnover, one worker said:

*"Swissport is haemorrhaging staff faster than they can replace them. It is a toxic work environment and we are not fairly looked after."*

Pressure to rush was also a significant concern:

*"They say "don't rush" then come at you aggressively over every single minute of delay."*

*"Getting assigned multiple flights at the same time with not even 5 minutes in between and still being expected to get it out on time."*

Another revealed that:

*"Accidents are going unreported due to a known lack of response from management as they can't afford to lose more staff."*

Although 90% of respondents were part-time or casual, workers reported being pressured to work long hours and fulfil unrealistic workloads alone. A worker said:

*"When I started I was expected to work 10 hour shifts, 6 days a week, with no breaks. I had to work alone loading 350-400 bag international flights in a poorly ventilated, freezing bagroom. I worked through illness, told management and they did not care."*

Fatigue was raised several times as a safety concern:

*"Always being tired has led to me missing information on bags, radio callouts, scanning of restricted arrival bags and driving incidents."*

*"I was once made to put stairs on a plane when I was really fatigued and stressed about a tight turnaround. I was told the stairs needed readjusting and because I was tired and stressed I forgot to check if the passenger door was open."*

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12. <https://www.twu.com.au/wp-content/uploads/2022/09/Swissport-safety-survey-infographic-1.pdf>

## THE NEED FOR STRUCTURAL REFORM

The last decade has seen aviation standards for workers drop in real terms. This has been through a combination of deliberate employer strategy and the absence of enforceable standards.

Aviation is one of the most susceptible industries when it comes to external economic shocks, whether it be terrorist attacks such as 9/11, health scares (such as SARS), general economic turbulence such as the GFC or natural weather events such as volcanic ash. While Covid-19 itself was unexpected, the fact that there was an economic shock caused by a major global event is part of the normal volatility of the aviation economic cycle.

A common response from Qantas when aviation takes a hit is to go cap-in-hand to the Federal Government, looking for support from the public coffers. When the answer was no, Qantas imposed wage freezes. When the answer was yes to taxpayer welfare with no conditions attached by the Morrison government, Qantas imposed wage freezes.

Frontline aviation workers have borne the brunt of economic shocks whether it be through redundancies, stand downs, wage freezes or illegal sacking.

The problem is that when the aviation economic cycle is on the upswing and companies are making profits, workers do not see the commensurate rise in their wages, while senior executives and shareholders see massive increases to their pay packets and dividends.

In many other industries Government plays an interventionist role in order to smooth the volatile economic cycle and to ensure that workers have some protections during downturns and the ability to reap some of the rewards at the peak of the cycle. Around the world, governments have similar interventionist roles in aviation, with many taking stakes in airlines.

With little to no Government ownership or intervention in the aviation market in Australia, this volatile cycle keeps repeating itself during every economic shock. The shock absorber most often used in the aviation industry is the jobs, wages and conditions of workers themselves.

In order to address the fundamental market imbalances apparent in aviation – airports with near monopolistic power and major airlines able to dictate the terms and conditions of increasingly insecure and low paid work – a regulatory body must be established to set fair, safe and sustainable standards.

Rather than simply react to each inevitable crisis as it comes, and particularly if Government ownership is not going to be pursued, there needs to be an independent body in place capable of intervening in the market to correct the fundamental power imbalances within the industry and better manage the volatile aviation cycle. This is even more necessary than ever given two Federal Court rulings found Qantas broke the law in outsourcing ground and fleet presentation workers, but without those workers being reinstated to their jobs.

These workers will no longer have the capacity to take on the top of the supply chain and the real economic decision maker – Qantas – as they now only have the capacity to bargain with their direct employer who in turn has its terms and conditions dictated by Qantas. This means that workers cannot use the one industrial power available to them – their collective strength – to achieve improvements to their wages and conditions.

Although new IR laws enabling multi-employer bargaining will restore some collectivity back to negotiations, Qantas will remain on the outside for as long as it controls pay and conditions through lowest-cost contract arrangements.

A Safe and Secure Skies Commission would bring together government, unions, airports, employers, and those with commercial influence over working conditions to determine safe, fair and sustainable standards.

Following a year of airport chaos, rising profits and suppressed wages and conditions, it is clear the only course of action that will rebalance aviation is for an independent body to ensure good, secure jobs are prioritised over exorbitant executive bonuses and shareholder price increases.

Such a regulatory solution to stabilise the industry should prevent the constant expectation of Qantas management that the Federal Government will bail out the airline or fund initiatives like just transition. However, in the event that public funding is sought, the independent body could provide sound advice on what conditions should be attached in order to maintain balance in the industry and ensure workers are not shouldering the burden while executives and shareholders continue to gain from their sacrifices.

## CONCLUSION

The Federal Government's focus on regenerating aviation is welcome and long overdue following a decade-long bystander approach to 'leave it to the market' under the Coalition. This inaction has come at a great cost to taxpayers, wages, job security, safety and service standards. At the same time, it has allowed untrammelled commercial power to balloon, requiring structural reform to rebalance, stabilise and future-proof the industry.

To address the root causes of the crisis currently facing aviation and the likelihood of similar crises in the future, this White Paper and subsequent Green Paper must act on the Senate Select Committee on Job Security's recommendation to establish an independent standard-setting body.

While the most urgent and essential matters to resolve are low pay and insecure work, an independent standard-setting body would also provide the oversight required for other initiatives such as skills and training, just transition, revitalising regional travel, or other future-focused programmes to succeed.